



Financing for the Private Sector

Kentucky offers tax incentives and credits to bona fide prospective purchasers of qualified properties that complete the Voluntary Environmental Remediation Program (VERP).

A bona fide prospective purchaser is an entity that:

- Did not cause the contamination
- Has conducted an "all appropriate inquiry"
- Takes care to prevent the environmental problem from becoming worse
- Is willing to provide access to the property for cleanup
- Does not disrupt an institutional control or violate any land use restrictions designed to manage the contamination
- Has no affiliation with the party responsible for the contamination

*See the U.S. EPA Web site at <http://www.epa.gov/compliance/resources/policies/cleanup/superfund/common-elem-guide.pdf> for more information on the bona fide prospective purchaser.

A qualified property is one for which the responsible party is unable to perform the cleanup obligations, is governed by the Superfund requirements and for which the owner is a bona fide prospective purchaser who purchased the property after the effective date of the incentive.

For qualified parties, the state and local property tax rates on a remediated brownfield property are reduced. For three years following the cleanup, the property will not be subject to local ad valorem property taxes. During this period, the state ad valorem property tax rate will be reduced from 31.5 cents per \$100 of assessed value to 1.5 cents per \$100 of assessed value. The property must have been purchased after Jan. 1, 2005.

Qualified parties can also receive up to \$150,000 worth of income tax credits for expenditures made in order to meet the requirements of the VERP assessment and cleanup. The allowable credit for any taxable year is a maximum of 25 percent of the credit authorized. The credit may be carried forward for 10 successive years. The property must have been purchased after March 18, 2005.

The Cabinet for Economic Development offers incentives for companies that relocate or expand in Kentucky. Please visit the cabinet's Web site to see what assistance is available.

<http://www.thinkkentucky.com/>

Contact Us

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The Kentucky Brownfield Program
Recycling the Commonwealth



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